

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Worcester Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: May 26, 2015

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on July 1 of each fiscal year. The schedule is effective in FY16 (since the amount under the prior schedule was maintained in FY16) and is acceptable under Chapter 32.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



SECTION 2: Valuation Summary for the City of Worcester Retirement System

CHART 16
Funding Schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of 2002 ERI Liability	(4) Amortization of 2010 ERI Liability	(5) Amortization of Remaining Unfunded Liability	(6) Total Plan Cost: (2) + (3) + (4) + (5)	(7) Total UAAL at the Beginning of the Fiscal Year	(8) Total Plan Cost % Increase
2016	\$10,767,420	\$1,536,984	\$549,939	\$29,849,494	\$42,703,837	\$423,110,076	--
2017	11,131,695	1,536,984	549,939	31,193,372	44,411,990	423,431,698	4.00%
2018	11,676,201	1,536,984	549,939	32,425,346	46,188,470	409,895,364	4.00%
2019	12,188,219	--	549,939	35,297,851	48,036,009	402,967,286	4.00%
2020	12,722,586	--	549,939	36,684,924	49,957,449	402,089,164	4.00%
2021	13,280,275	--	549,939	38,125,533	51,955,747	392,674,440	4.00%
2022	13,862,299	--	--	40,171,678	54,033,977	380,991,399	4.00%
2023	14,469,716	--	--	41,725,620	56,195,336	366,807,225	4.00%
2024	15,103,628	--	--	43,339,522	58,443,150	349,869,077	4.00%
2025	15,765,189	--	--	45,015,687	60,780,876	329,902,434	4.00%
2026	16,455,597	--	--	46,756,514	63,212,111	306,609,362	4.00%
2027	17,176,108	--	--	48,564,487	65,740,595	279,666,628	4.00%
2028	17,928,027	--	--	50,442,192	68,370,219	248,723,679	4.00%
2029	18,712,720	--	-	52,392,308	71,105,028	213,400,450	4.00%
2030	19,531,608	--	-	54,417,621	73,949,229	173,285,013	4.00%
2031	20,386,178	--	-	56,521,020	76,907,198	127,931,031	4.00%
2032	21,277,976	--	-	58,705,510	79,983,486	76,855,024	4.00%
2033	22,208,619	--	--	19,533,415	41,742,034	19,533,415	-47.81%
2034	23,179,794	--	--	--	23,179,794	--	-44.47%

Notes: Recommended contributions are assumed to be paid at the beginning of the fiscal year.

Item (2) reflects 3.0% growth in payroll for 2015 and 2016 and 4.0% growth in payroll thereafter, as well as a 0.15% adjustment to total normal cost to reflect the effects of mortality improvements due to the generational mortality assumption.

Projected unfunded actuarial accrued liability reflects deferred investment gains.

Fiscal 2016 contribution set at budgeted amount.

Projected normal cost does not reflect the future impact of pension reform for future hires.